



# Peoria Unified School District

*Every Student, Every Day, Prepared to Shape Tomorrow*

May 13, 2016

State of Arizona  
Office of the Auditor General  
Ms. Debra Davenport  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

Peoria Unified School District #11 has received and reviewed the Preliminary Draft Performance Audit for Fiscal Year 2014. An audit of this size and scope can be quite daunting, but I commend your staff for minimizing the disruptions and creating a transparent process. Ms. Vicki Hansen and her team were very professional and courteous.

The information that was provided has had a positive impact on our District, as we refine our procedures and continue to make improvements in our operations. The Peoria Unified School District is proud of the programs and services we provide to our community. With competition for funding and volatile market conditions, it is important that we continue to operate with efficiency and maintain our high-level of accountability. The District will continue to work towards 100% compliance in all areas. If I can be of any additional assistance, please do not hesitate to contact me at 623-486-6005.

Sincerely,

Denton Santarelli, Ed. D.  
Superintendent

**Finding 1:** Inadequate controls over cash handling, computer network and systems, and payroll increase risk of errors and fraud

District Response: Peoria Unified School District supports strengthening the internal controls to ensure compliance and to reduce risk of errors and fraud.

**Recommendation 1:** The District should strengthen its controls over cash handling, including separating cash-handling duties, preparing and retaining receipts for each payment received, reconciling cash collected to receipts issued, and ensuring supervisory review of this process. Additionally, the District should better safeguard monies received by securing them in a safe, locked box, or locked cabinet and depositing them at least weekly.

District Response: The District has segregated cash handling duties and increased supervisory oversight at the District Office to ensure adequate internal controls are in place related to the issuing of receipts for all cash payments, cash receipt and deposit reconciliations, timely deposits, and the securing of cash in a locked safe prior to deposit. In addition, the District Office has begun to coordinate with high school and elementary school staff to determine if any sites need a new safe to ensure that cash is properly secured at all times. Additional training will also be scheduled with high school and elementary school staff to review the requirement that a receipt be issued for all cash payments that are received, as well as cash handling requirements, cash receipt and deposit reconciliation requirements, timely deposit requirements and related segregation of duties. In addition, the District's Internal Audit function will also provide ongoing site based training and process compliance testing to ensure cash handling internal controls are adhered to by District employees.

**Recommendation 2:** The District should implement stronger password requirements related to password length, complexity, and expiration.

District Response: The District supports a change in security measures. The District has been reviewing industry best practices to upgrade security. The District has contracted with two independent vendors to assess the security of the network. This was one of the recommendations and was implemented on May 6, 2016.

**Recommendation 3:** The District should develop and implement a formal process to ensure that terminated employees have their IT network and system access promptly removed.

District Response: Peoria Unified School District concurs with this recommendation and the HR, Payroll, IT and Business Departments have met to discuss a process to ensure that employees that have separated from employment are addressed promptly.

**Recommendation 4:** The District should review and eliminate unnecessary network user accounts, and establish better controls over service accounts, such as disabling them when not receiving vendor support.

District Response: Peoria Unified School District concurs with this recommendation and is having the IT Department remove access to network accounts when the vendor is not actively supporting or providing service to the District.

**Recommendation 5:** The District should create a comprehensive disaster recovery plan and test it periodically to identify and remedy any deficiencies.

District Response: The District is assessing the current IT infrastructure and is working to develop plans to address those areas of risk. The development and implementation of a comprehensive disaster recovery plan will be completed by staff.

**Recommendation 6:** To help prevent and detect unauthorized, inappropriate, and unintended changes to IT systems, the District should develop and implement written policies and procedures for change management.

District Response: The District believes in safeguarding the IT infrastructure and understands that formal procedures for change management are needed. The District will review the current informal practices and will construct a formal process.

**Recommendation 7:** The District should ensure that duties and related payments are addressed in employment contracts or personnel/payroll action forms, approved in advance of the work being performed, and maintained in employee personnel files.

District Response: The District will work with the HR and Payroll staff to review the employee personnel action request (ePAR) process to ensure that a completed personnel action request (PAR) and contract is in place for employees prior to payment in Payroll.

## **Finding 2:** District should improve controls over transportation program

District Response: The District believes that the transportation program operates at a high level of efficiency but agrees that controls over the program need to be improved.

**Recommendation 1:** The District should accurately calculate and report to ADE the actual miles driven and students transported for student transportation funding purposes.

District Response: The District agrees with this recommendation and has already implemented changes to the process to ensure compliance in this area.

**Recommendation 2:** The District should work with ADE regarding needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budgets until all funding errors the misreported mileage caused are fully corrected.

District Response: The District will work with ADE on the necessary corrections.

**Recommendation 3:** The District should ensure that school bus preventative maintenance is conducted in a systematic and timely manner in accordance with district policy and the State's *Minimum Standards*.

District Response: The District believes in providing a safe environment for all students and staff. The preventative maintenance program that the District created will be used in a timely manner.